

METROPCS COMMUNICATIONS INC
Form DEFA14A
March 18, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

METROPCS COMMUNICATIONS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

On March 18, 2013, MetroPCS Communications, Inc. issued a press release announcing that it filed an investor presentation with the Securities and Exchange Commission in connection with MetroPCS' Special Meeting of Stockholders scheduled for April 12, 2013. A copy of the press release and investor presentation are included below.

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MetroPCS Files Investor Presentation

Urges Stockholders to Vote 'For' Proposed Combination with T-Mobile USA

Richardson, TX (March 18, 2013) - MetroPCS Communications, Inc. (NYSE: PCS; "MetroPCS" or the "Company") today announced it has filed an investor presentation with the Securities and Exchange Commission ("SEC") in connection with MetroPCS' Special Meeting of Stockholders scheduled for April 12, 2013. At the Special Meeting, MetroPCS' stockholders of record as of March 11, 2013 will vote on matters relating to the proposed combination of MetroPCS with T-Mobile USA, Inc. ("T-Mobile") to create the value leader in the U.S. wireless marketplace. The MetroPCS board of directors unanimously recommends that stockholders vote FOR the proposed combination with T-Mobile.

The presentation, which is available on the SEC's website at www.sec.gov and on the Company's website at <http://investor.metropcs.com>, includes information demonstrating that the proposed combination is the best alternative for MetroPCS' stockholders and will create sustainable long-term value for MetroPCS' stockholders. In addition, the presentation corrects inaccuracies and misperceptions created by certain stockholders regarding the proposed combination. Highlights of the presentation include:

The Proposed T-Mobile/MetroPCS Combination is the Best Alternative for MetroPCS' Stockholders: After conducting a thorough and extensive multi-year process, MetroPCS' board of directors and special committee, with the assistance of their independent financial and legal advisors, concluded that the proposed combination with T-Mobile was the best strategic alternative for the Company and its stockholders. The proposed combination:

- Provides compelling economic terms for MetroPCS' stockholders;
- Addresses MetroPCS' critical spectrum needs and other competitive disadvantages;
- Permits expansion of MetroPCS' brand into unserved and underserved major metro areas; and
- Improves the customer value proposition through a stronger, deeper data network and a broader, better device line-up.

If the proposed combination is not approved, MetroPCS' stockholders will not enjoy its compelling benefits, which could lead to a loss of value for MetroPCS' stockholders.

The Proposed T-Mobile/MetroPCS Combination is More Attractive than MetroPCS on a Stand-Alone Basis: The proposed combination will provide MetroPCS' stockholders with a \$1.5 billion aggregate cash payment, or approximately \$4.06 per share (prior to the reverse stock split that will occur in connection with the closing of the proposed combination), as well as an approximate 26% ownership stake in the combined company that will allow MetroPCS' stockholders to participate in the expected significant equity upside of the combined company. The proposed combination maximizes stockholder value as illustrated below:

· At 5x 2013 forecasted EBITDA (illustrative):¹

○ The value for MetroPCS' stockholders, including the net present value of projected cost synergies,² represents an approximately 70%³ - 93%⁴ premium to the stand-alone MetroPCS value per share;⁴ and

○ The stand-alone MetroPCS value per share (after deducting \$1.5 billion in cash reserved for the acquisition of spectrum)⁴ represents an approximately 18% decline vs. the current MetroPCS share price.¹

Based on the five-year discounted cash flow analysis undertaken by the MetroPCS special committee's independent financial advisor,⁵ MetroPCS' stockholders will receive:

- o An approximately 46% premium vs. a stand-alone MetroPCS value; and
- o An approximately 143% premium vs. the average price target,⁶ assuming the \$6-7 billion of net present value² projected cost synergies are achieved.

The Proposed T-Mobile/MetroPCS Combination Creates Sustainable Long-Term Value for Stockholders: MetroPCS' stockholders are expected to benefit meaningfully from the combined company's:

Value Leadership: The combined company will be well-positioned and have a significant presence in the industry's fast-growing prepaid (i.e., no annual contract) services space - and offer an outstanding customer experience with great customer value and choice;

Increased Size and Scale: The combined company will be well-positioned competitively with significant spectrum holdings, deep nationwide network coverage and more network capacity;

Significant Synergies: The combined company will benefit from projected cost synergies of

\$6-7 billion net present value;² and

Strong Financial Position: The combined company will have attractive growth prospects and financial flexibility, direct capital markets access to compete effectively and a sustainable capital structure and credit profile as evidenced by the combined company's S&P BB credit rating.

MetroPCS Conducted a Thorough and Extensive, Multi-Year Process to Maximize Value, Culminating in the Proposed T-Mobile/MetroPCS Combination: The MetroPCS board and special committee, with the assistance of independent financial and legal advisors, undertook a thorough and extensive, multi-year process to explore all strategic and financial alternatives - including remaining a standalone company - prior to recommending the proposed combination with T-Mobile. During this thorough and extensive process, MetroPCS:

Engaged in discussions with all major spectrum holders and potential strategic parties regarding spectrum acquisition and M&A opportunities;

Participated in significant FCC auctions of spectrum with disappointing results;

Weighed the benefits and risks of the proposed combination against the benefits and risks of remaining a stand-alone company; and

Determined that the proposed combination with T-Mobile would deliver the highest value to MetroPCS' stockholders.

The Combined Company will be the Value Leader in U.S. Wireless: The combined company will be well-capitalized and well-positioned to compete effectively with large national carriers as the premier challenger in the U.S. wireless marketplace. The proposed combination will:

- Allow the combined company to extend the MetroPCS brand into unserved and underserved major metro areas;
- Facilitate the offering of a broad product portfolio, including Apple devices;
- Generate substantial additional growth in the fast-growing no contract space; and
- Provide significant spectrum with a path to at least 20x20 MHz 4G LTE in approximately 90% of the top 25 U.S. metro areas by 2014+ for a fast, reliable and robust nationwide 4G LTE network.

The Combined Company's Strong Financials and Capital Structure are Compelling for MetroPCS' Stockholders: The combined company will have an attractive growth profile and the financial flexibility to compete effectively. In addition, the combined company's capital structure, and MetroPCS stockholders' significant ownership position, will provide MetroPCS' stockholders with the opportunity for significant participation in the attractive equity upside potential of the combined company. Specifically, the combined company is expected to have:

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- Target five-year (from 2012 to 2017) compounded annual growth rates in the range of 3% to 5% for revenues, 7% to 10% for EBITDA and 15% to 20% for free cash flow;⁷
- Target EBITDA margins of 34% to 36% at the end of the five-year period (from 2012 to 2017); and
 - Projected cost synergies of \$6-7 billion net present value,² with an annual run-rate of \$1.2-1.5 billion after an integration period.
-

The Statements Regarding the Proposed Combination by Certain Stockholders are Inaccurate and Misleading: MetroPCS would like to correct inaccuracies and misperceptions regarding the proposed combination:

Misperception #1: Leverage is too high.

Reality: Leverage is appropriate for the combined company and is in-line with peers and MetroPCS' historical average.

The combined company's LTM leverage is in-line with peers and MetroPCS, and its S&P credit rating of BB is higher than peers and MetroPCS, as shown in the table below;

Comparison of NewCo Peers - Leverage and Credit Rating⁸

Based on LTM EBITDA

| | Leap | PF Sprint ⁹ | NewCo | MetroPCS | T-Mobile ¹⁰ |
|----------------|------|------------------------|-------|--------------------|------------------------|
| Gross Leverage | 5.5x | 5.5x | 3.6x | 3.1x | 3.6x |
| Net Leverage | 4.4x | 3.0x | 3.4x | 2.4x ¹¹ | 3.6x |
| S&P Rating | B- | B+ | BB | B+ | NA |

The combined company is expected to de-lever organically after 2013 as a result of cost savings initiatives, lower capital expenditures and post-integration synergies;

The combined company's agreement with Apple is projected to be accretive to operating free cash flow beginning in 2014; and

Investor comfort with the combined company's capital structure and credit profile is underscored by strong support for the combined company's recent senior notes offering as well as the December 2012 consent solicitation on MetroPCS' existing senior notes.

Misperception #2: The Deutsche Telekom ("DT") debt terms are unreasonable.

Reality: The debt terms are market-based and represent a favorable deal for the combined company.

No market remotely exists for the size of the required \$21 billion debt commitment - at the time of the deal announcement or today;

The pricing mechanism of the DT debt is designed to reflect market conditions;

The DT debt enables the combined company to avoid significant fees and pricing risks at closing; and

DT's financing provides the combined company with a long-lasting capital structure with no near-term maturities and significant breathing room.

Misperception #3: The combined company should issue secured debt.

Reality: Unsecured debt provides the combined company with significantly greater flexibility.

Secured debt would contain more restrictive financial covenants and therefore more significantly impair the combined company's ability to invest and compete;

No secured debt was a key DT requirement since DT's controlling ownership prevents the combined company from having secured debt and allowed the combined company to reduce DT's financing costs; and

DT's significant debt and equity stake were important elements in securing the combined company's attractive credit rating and cost of capital.

Misperception #4: The 26% / 74% ownership split is unfair at multiple parity.

Reality: A less favorable ownership stake of between 17%³-24%⁴ would result after appropriate adjustments for \$1.5 billion MetroPCS cash reserved for spectrum and \$1.5 billion cash payment as disclosed in the MetroPCS amended definitive proxy statement.

MetroPCS Ownership Analysis

Based on adjusted T-Mobile EBITDA (as disclosed in the MetroPCS amended definitive proxy statement)¹⁸

| | MetroPCS | T-Mobile |
|---|-------------------------|--------------------------|
| PSAM/Paulson Multiple à Firm Value/EBITDA | 5.0x ¹ | 5.0x ¹ |
| 2013E EBITDA | \$1,359 ¹² | \$5,132 ¹³ |
| Firm Value | \$6,795 | \$25,660 |
| Less: Net Debt | (\$2,147) ¹⁴ | (\$17,461) ¹⁰ |
| Less: Cash for Spectrum | (\$1500) | — |
| Less: Cash Payment | (\$1500) | — |
| Equity Value | \$1,648 | \$8,199 |
| à Implied Ownership Split | 17% | 83% |

^o MetroPCS' combination with T-Mobile results in significantly more value to MetroPCS' stockholders vs. MetroPCS on a stand-alone basis.

Multiples Analysis

Pro-forma Total Value to MetroPCS' Stockholders Based on 26% Ownership Split¹⁸

| | NewCo Proxy Math ¹⁵ | MetroPCS Stand-Alone Math |
|---|--------------------------------------|---------------------------------|
| Firm Value/EBITDA ¹ | 5.0x | 5.0x |
| 2013E Pro Forma EBITDA | \$6,491 ⁴ | \$1,359 ¹² |
| Pro Forma Firm Value | \$32,455 | \$6,795 |
| Less: Net Debt | (21,500) | (2,147) ¹⁴ |
| Less: Cash reserved for Spectrum | — | (1,500) |
| Pro Forma Equity Value | \$10,955 | \$3,148 |
| MetroPCS Implied Equity Value (26%) | \$2,848 | \$3,148 |
| Implied Share Price | \$7.70 | \$8.51 |
| Plus: Cash Payment per Share to MetroPCS Stockholders | \$4.06 | — |
| Total Value to MetroPCS' Stockholders | \$11.76 | \$8.51 |
| Premium/(Discount) to MetroPCS Standalone Value ¹⁶ | 38% | — |
| Plus: NPV of Synergies per Share ¹⁷ | \$4.71 | — |
| Total Value to MetroPCS' Stockholders Including Synergies | \$16.47 | \$8.51* |
| Premium/(Discount) to MetroPCS Standalone Value ¹⁶ | 93% | — |

*(18%) discount to current MetroPCS share price¹

As the above analysis demonstrates, the proposed combination benefits MetroPCS' stockholders and is a better alternative than remaining a stand-alone company. As a result, the MetroPCS board unanimously recommends that stockholders vote their shares FOR all of the proposals relating to the proposed combination with T-Mobile by returning their GREEN proxy card with a "FOR" vote for all proposals. Because some of the proposals required to close the proposed transaction require at least an affirmative vote of a majority of all

outstanding shares, the votes of all of MetroPCS' stockholders are important. The failure to vote or an abstention will have the same effect as a vote against the proposed combination. If stockholders vote against the proposed combination, there can be no assurance that MetroPCS will be able to deliver the same or better stockholder value. The Company urges stockholders to discard any white proxy cards, which were sent by a dissident stockholder. If a stockholder previously submitted a white proxy card, the Company urges them to vote as instructed on the GREEN proxy card, which will revoke any earlier dated proxy card that was submitted, including any white proxy card. Stockholders who have questions or need assistance in voting their shares should contact the Company's proxy solicitor, MacKenzie Partners, Inc. toll-free at (800) 322-2885 or call collect at (212) 929-5500.

If you have any questions, require assistance in voting your shares, or need additional copies of MetroPCS's proxy materials, please call MacKenzie Partners at the phone numbers listed below.

105 Madison Avenue
New York, NY 10016
(212) 929-5500 (call collect)

Or
TOLL-FREE (800) 322-2885

About MetroPCS Communications, Inc.

Dallas-based MetroPCS Communications, Inc. (NYSE: PCS) is a provider of no annual contract, unlimited wireless communications service for a flat-rate. MetroPCS is the fifth largest facilities-based wireless carrier in the United States based on number of subscribers served. With Metro USA(SM), MetroPCS customers can use their service in areas throughout the United States covering a population of over 280 million people. As of December 31, 2012, MetroPCS had approximately 8.9 million subscribers. For more information please visit www.metropcs.com.

Additional Information and Where to Find It

This document relates to a proposed transaction between MetroPCS and Deutsche Telekom. In connection with the proposed transaction, MetroPCS has filed with the Securities and Exchange Commission (the "SEC") an amended definitive proxy statement. Security holders are urged to read carefully the amended definitive proxy statement and all other relevant documents filed with the SEC or sent to stockholders as they become available because they will contain important information about the proposed transaction. All documents are, and when filed will be, available free of charge at the SEC's website (www.sec.gov). You may also obtain these documents by contacting MetroPCS' Investor Relations department at 214-570-4641, or via e-mail at investor_relations@metropcs.com. This communication does not constitute a solicitation of any vote or approval.

Participants in the Solicitation

MetroPCS and its directors and executive officers will be deemed to be participants in any solicitation of proxies in connection with the proposed transaction. Information about MetroPCS' directors and executive officers is available in MetroPCS' annual report on Form 10-K filed with the SEC on March 1, 2013. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the amended definitive proxy statement and other relevant materials filed with the SEC regarding the proposed transaction. Investors should read the amended definitive proxy statement carefully before making any voting or investment decisions.

Cautionary Statement Regarding Forward-Looking Statements

This document includes “forward-looking statements” for the purpose of the “safe harbor” provisions within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Any statements made in this document that are not statements of historical fact, and statements about our beliefs, opinions, projections, strategies, and expectations, are forward-looking statements and should be evaluated as such. These forward-looking statements often include words such as “anticipate,” “will,” “expect,” “suggests,” “plan,” “believe,” “intend,” “estimates,” “targets,” “views,” “projects,” “would,” “could,” “may,” “become,” “forecast,” and other similar expressions. These forward-looking statements include, among others, statements about the benefits of the proposed combination, the prospects, value and value creation capability of the combined company, compelling terms and nature of the proposed combination, future expansion of the MetroPCS brand into new areas, whether metro areas are unserved or underserved, benefits to MetroPCS customers, value of the proposed combination to MetroPCS stockholders, future MetroPCS stock prices, expected growth in the no contract space, customer perceptions of the combined company's service, projected cost synergies and the combined company's ability to achieve them, forecasts of combined company revenues, EBITDA, and FCF, projected 5-year CAGRs, ability of the combined company to compete, MetroPCS' ability to acquire spectrum, the combined company's leverage ratios and its ability to de-leverage organically, the combined company's spectrum position, the combined company's competitive position, impact of the proposed combination on LTE roll-out and benefits of LTE network, MetroPCS' projected upgrade rate, projected financing costs, ability of the combined company to deleverage over time, ability and rates of financing available in the market, and other statements regarding the combined company's strategies, prospects, projected results, plans, or future performance.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of MetroPCS, Deutsche Telekom and T-Mobile and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive the required stockholder approvals or required regulatory approvals, the taking of governmental action (including the passage of legislation) to block the proposed transaction, the failure to satisfy other closing conditions, the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, the significant capital commitments of MetroPCS and T-Mobile, global economic conditions, fluctuations in exchange rates, competitive actions taken by other companies, natural disasters, difficulties in integrating the two companies, disruption from the transaction making it more difficult to maintain business and operational relationships, actions taken or conditions imposed by governmental or other regulatory authorities and the exposure to litigation. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in MetroPCS' annual report on Form 10-K, filed March 1, 2013, and other filings with the SEC available at the SEC's website (www.sec.gov). The results for any prior period may not be indicative of results for any future period.

The forward-looking statements speak only as to the date made, are based on current assumptions and expectations, and are subject to the factors above, among others, and involve risks, uncertainties and assumptions, many of which are beyond our ability to control or ability to predict. You should not place undue reliance on these forward-looking statements. MetroPCS, Deutsche Telekom and T-Mobile do not undertake a duty to update any forward-looking statement to reflect events after the date of this document, except as required by law.

1. The premium is calculated based on EBITDA multiples used by P. Schoenfeld Asset Management LP (PSAM) and Paulson & Co. Inc. (Paulson) applied to MetroPCS management forecasted combined company EBITDA for 2013, which forecasts are set forth in the MetroPCS amended definitive proxy statement. The stock price is the closing price on the NYSE of \$10.38 on March 15, 2013.
 2. Net present value calculated with 9% discount rate and 38% tax rate. Synergies are preliminary projections and subject to change.
 3. EBITDA is based on unadjusted T-Mobile management forecast combined company EBITDA for 2013, which forecasts are set forth in the MetroPCS amended definitive proxy statement.
 4. EBITDA is based on MetroPCS management's forecast of combined company EBITDA for 2013, which forecasts are set forth in the MetroPCS amended definitive proxy statement.
 5. Based on the analysis conducted by the financial advisor to the special committee of MetroPCS' board of directors, as included in the MetroPCS' amended definitive proxy statement.
 6. Calculated based on the average target prices of publicly available research analyst reports for MetroPCS published on or after July 25, 2012 that were available to the financial advisor to the special committee of the MetroPCS board of directors as of October 2, 2012, which were referenced by the financial advisor to the special committee of MetroPCS' board of directors, as included in the MetroPCS amended definitive proxy statement.
 7. Free Cash Flow is calculated as EBITDA less Capital Expenditure (excluding spectrum spend).
 8. Based on latest reported financials; NewCo numbers represent the sum of T-Mobile and MetroPCS.
 9. Based on Sprint (PF Clearwire), US Cellular and Softbank transactions
 10. Based on target net debt of \$17.5 billion (\$15 billion DT notes and \$2.5 billion tower financing obligation as of 12/31/12).
 11. Includes \$1.5 billion in cash reserved for the acquisition of spectrum.
 12. Based on MetroPCS management projections as disclosed in the MetroPCS amended definitive proxy statement; NewCo net debt based on management guidance.
 13. EBITDA is based on MetroPCS management's forecast of T-Mobile EBITDA for 2013, which forecasts are set forth in the MetroPCS amended definitive proxy statement.
 14. Based on latest reported financials as of 12/31/12.
 15. Based on MetroPCS management projections as disclosed in the MetroPCS amended definitive proxy statement; NewCo net debt based on management guidance.
 16. Based on MetroPCS standalone value per share of \$8.51.
 17. 26% of projected \$6-7 billion NPV² of synergies as disclosed in the MetroPCS amended definitive proxy statement
 18. This table should be read in conjunction with the presentation filed by MetroPCS with the SEC on Schedule 14A on March 18, 2013, which provides additional detail regarding the information set forth in this table.
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